

Research Application Summary

**Effects of women's access to business credit on gender relations in rural households: A case of Uasin Gishu district, Kenya**

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**Abstract**

The effects of women's access to business credit on gender relations in rural households in Kenya was studied. The study covered Uasin Gishu District of Kenya. The primary respondents were women entrepreneurs, beneficiaries of a micro financing institution- KADET in the area together with their spouses. The findings indicate that access to credit facilitates women's economic empowerment and independence and in many of the households leads to improved gender relations.

Key words: Access to credit, economic empowerment, gender relations

**Résumé**

Les effets de l'accès des femmes au crédit d'affaires sur les rapports sexuels dans les ménages ruraux au Kenya ont été étudiés. L'étude a couvert la zone d'Uasin Gishu au Kenya. Les répondants primaires étaient les femmes entrepreneurs, les bénéficiaires de l'institution des micro-credits KADET dans la région ainsi que leurs conjoints. Les résultats de recherche indiquent que l'accès au crédit facilite l'habilitation économique et l'indépendance des femmes, et dans la plupart de ménages, mène aux rapports sexuels améliorés.

Mots clés: accès au crédit, habilitation économique, rapports sexuels

**Background**

It is indisputable that gender relations are important for human development (UNDP, 2002). In Kenya, like in many other countries, there are gross inequalities between men and women. Over the years, there has been an increasing recognition of the important role women play in development. In Kenya this is reflected in the attention given to women in government development plans, gender policies and work carried out by Non-Governmental Organizations. Micro-financing has emerged as one way of promoting access to credit and therefore a way to empower women financially and economically. However, women have, over the years, faced constraints in

accessing credit from credit and other lending institutions because of various reasons, chief among them being the lack of collateral (Baud and Bruijne, 1993; CGAP, 2003; Kariuki, 2004). It is not clear how access to credit by women and, in turn, economic empowerment affects household gender relations especially in rural areas. This study seeks to establish the effects of credit on rural women specifically focusing on whether it facilitates the improvement of their economic and financial status and if this has an effect on gender relations in their households.

## Literature Summary

With the increased awareness on women's financial constraints, several organizations have come up in Kenya and elsewhere, to finance women and other poor clientele without proper collateral. In the 1970s experimental programmes in Bangladesh, Brazil, and a few other countries extended small loans to groups of poor women to invest in micro-businesses. This type of micro enterprise credit was based on solidarity group lending in which every member of a group guaranteed the repayment of all members (CGAP, 2003; Hashemi *et al.*, 2003). In a study of credit use in Bangladesh, Goetz and Gupta (1996) noted that there had been a near-reversal in the gender orientation of special credit programmes in Bangladesh since the 1980s and that credit for women was being regarded as a powerful tool for institution- building at the grassroots level. It had become a mainstay of many NGO efforts in rural areas. The women had a higher propensity to repay loans as compared to their male counterparts. Also it has been shown that women are more likely than men to invest increased income in the household and family well-being and perhaps, most importantly, access to financial services can empower women to become more confident, more assertive, more likely to participate in family and community decisions, and better able to confront systemic gender inequities.

A survey of 1300 micro finance clients and non-clients in Bangladesh showed that credit-programme participants were significantly more empowered than non-clients on the basis of their physical mobility, ownership and control of productive assets, (including homestead land, involvement in decision making, and political and legal awareness. This empowerment was observed to increase with duration of membership (Hashemi *et al.*, 1996).

## Study Description

The study was conducted in Uasin Gishu District which is one of the 18 districts in the Rift Valley Province of Kenya. Uasin

Gishu is a highland plateau. Altitudes fall gently from 2700m above sea level at Timboroa in the east to about 1,500m above sea level at Kipkaren in the west. Agriculture is the mainstay of Uasin Gishu district's economy. A total of 126,311.2 hectares is under crop production, while 204,000 of the population work in agriculture. The sector also contributes 35.3 per cent of household income (Uasin Gishu District Development Plan, 2002).

According to the District's current Development Plan women in Uasin Gishu continue to take a subordinate position in accessing resources and in effective participation in decision-making at various levels. This study attempts to shed light on the current situation in the District, whether cultural prejudice against women still persists in households even after the advent of business credit for the women. The study targets married women who have had access to credit for a minimum period of four years. It is assumed that for such women the effects of credit were already felt at the household. Data for the study was collected by use of interview guides, key informant interviews, simple observations and focus group discussions

## **Research Application**

Initial data analyzed indicates an improvement in women's economic status as a result of their involvement in micro enterprises. The credit that women accessed from the micro-finance institutions helped them start and improve their businesses. Many have been able to acquire property mostly household and a few livestock. This has given them leverage in decision making in the household as shown, for example, in Figure 1.

Figure 1 shows decision making concerning expenditure on different sources of income. Decisions on how to spend salary income is largely determined by spouses (23.1%) while in 21.4% the decision is made by both (21.4%). However, most of the respondents and their spouses were not salaried employees (43.6%) of whom men were the majority. Farm, micro enterprise, and other incomes show a different picture in which most of the decisions are made by both husband and wife as shown in Figure 1. Given that it is the women who access micro enterprise credit, it is evident that a considerable number of them (32.5%) make decisions on the spending of such income alone. It is interesting however to note that 39.3% of the respondents make joint decisions on the spending of micro enterprise income.

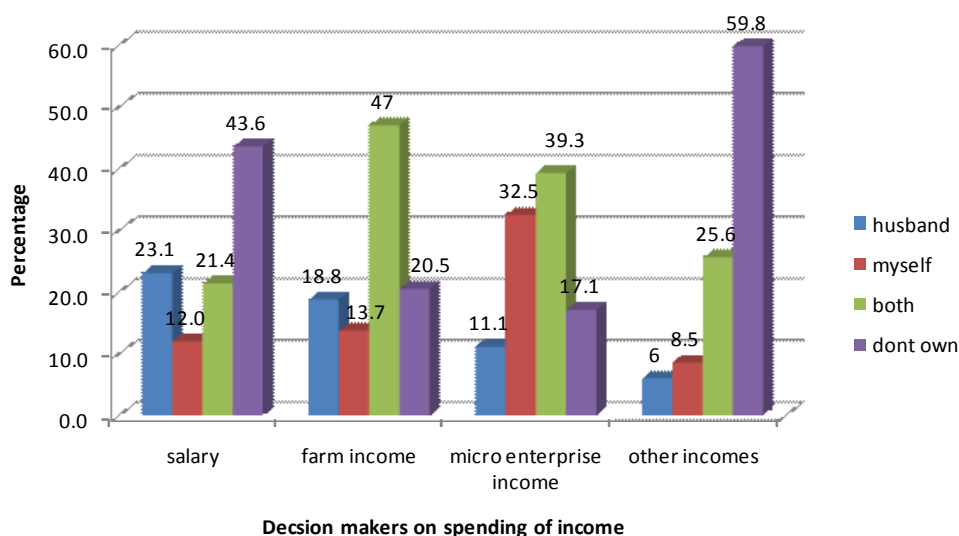


Figure1. Decision making on expenditure in households in Uasin Gishu, Kenya.

### Recommendation

It is recommended that more women should be encouraged to take advantage of microenterprise credit from such institutions. It has been noted that more women than men spend their income directly on their families thus improving the families' socio-economic status. It also improves gender relations in households favourably for the women as they are able to play an active role in the running of their households.

### Acknowledgement

We acknowledge and thank the following for their support throughout this project: RUFORUM, Kenyatta University, Dr. Muia, Prof. Kenya and Dr. L. Maina from Kenyatta University.

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